



Department of Justice

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LOUISVILLE WOMAN SENTENCED FOR EMBEZZLING \$7,000,000 FROM CREDIT UNION

PRESS RELEASE

Timothy M. Morrison, Acting United States Attorney for the Southern District of Indiana, announced that PATRICIA H. SHERMAN, 50, Louisville, Kentucky, was sentenced today by United States District Court Chief Judge David F. Hamilton to 97 months imprisonment. Today's sentence followed SHERMAN's plea of guilty to one count of embezzlement by a credit union employee. The investigation was conducted by the Federal Bureau of Investigation and the New Albany Police Department.

SHERMAN was the Head Teller at the Obelisk Federal Credit Union, New Albany, Indiana, from 1999 until she was terminated for embezzling funds in March of 2007. Beginning sometime after May 30, 2003 and continuing until her termination in March 2007, SHERMAN embezzled \$7,012,900.00 from the credit union. She accomplished her embezzlement by taking large amounts of currency from the vault, secreting it on her person and taking it out of the credit union. She was able to conceal the embezzlement by making journal entries to the Vault Cash account whenever there was an audit or cash count by the credit union supervisory committee and then making adjusting entries after those counts were completed. In addition, when SHERMAN was going on vacation or had jury duty, she would make an entry to the cash account before she left so that it would properly reflect the amount of cash in the vault; when she returned, she would reverse the entry. As Head Teller she was responsible for ordering and accounting for all cash replenishments for the credit union. She was also responsible for reconciling and overseeing vault activity. She also was responsible for the general ledger and reconciling the vault cash account to the physical count of cash on hand.

SHERMAN's embezzlement was discovered in March 2007 when another employee noticed that the balance in the vault cash looked significantly higher than it should be. When confronted, SHERMAN admitted taking money from the credit union. SHERMAN spent a large amount of the money gambling at various southern Indiana riverboat casinos.

As a direct result of SHERMAN's embezzlement, the NCUA placed the credit union into conservatorship. After evaluating the viability of the credit union, the NCUA determined that the credit union would have to be liquidated unless another credit union could be found to merge with it. In July 2007, Obelisk merged with another credit union.

According to Assistant U. S. Attorney Susan Heckard Dowd, who prosecuted the case for the government, Chief Judge Hamilton also placed SHERMAN on serve 5 years supervised release following her release from prison and ordered to make restitution in the amount of \$7,012,900.00, and entered an order of forfeiture for the same amount.

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